

THE EEAG REPORT ON THE EUROPEAN ECONOMY

ISSN 1611-311X

N. 16, 2017

[Consulta en línea](#)

Recommendations for Europe 6

Summary 8

Chapter 1 Macroeconomic Conditions and Outlook 12

The world economy remained in recovery mode last year, despite a slight global slowdown. In the major emerging economies of China, India and Indonesia, expansionary economic policies stimulated growth in the summer of 2016, while recessionary trends in commodity-exporting emerging economies like Russia and Brazil weakened. The pace of global economic expansion is expected to dip slightly over the course of 2017, largely due to a surge in political uncertainty. The euro area economy remains characterised by the massive structural weaknesses of some member states, with developments in private consumption remaining the key driver of its moderate recovery. Overall, growth rates for the world economy in 2017 are still only expected to be about half as high as in the years prior to the global financial crisis.

Chapter 2 Economic Policy and the Rise of Populism – It’s Not So Simple 50

A rising tide of populism has swept across Europe and North America in recent years, culminating in the UK’s vote to leave the EU and the election of Donald Trump as US President. Immigration, globalisation and international trade, as well as European integration are all frequent targets of populist critique. This chapter examines the pitfalls of populism and presents a set of responses that may potentially limit its harmful effects.

Chapter 3 Britain and EUexit – The People Versus the EU 67

The unexpected majority vote for “Leave” in last June’s referendum on the UK’s exit from the EU sent shockwaves across the globe. Will Brexit strike a blow to European integration, or will it make “ever closer union” easier to achieve for the remaining EU members? Brexit certainly highlighted the pressing need for a clear vision that delivers results if Europe is to enjoy the continued support of its citizens. This chapter looks at the determinants and implications of Brexit for the economic wellbeing of the UK and other EU states and considers Europe’s options for the future.

Chapter 4 Immigration and the Refugee Crisis – Can Europe Rise to the Challenge? 82

Unrest and natural catastrophes in the Middle East and North Africa have displaced a staggering number of people over the past decade, triggering an unprecedented wave of refugees to Europe. Coping with the refugee influx is a humanitarian challenge that calls for cooperative solutions among EU states, not the pursuit of short-term national interests seen in many cases. This chapter discusses the potential economic impact of the current refugee influx with a special focus on its labour market effects and its implications for public finances.